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Statement of Rep. Cedric L. Richmond (LA-02) regarding selected expiring tax provisions

April 26, 2012-- I'd like to thank Chairman Tiberi and Ranking Member Neal for providing Members with an opportunity to comment on the import of various expiring provisions of the tax code. I would like to focus on provisions which have helped Americans rebuild after economically disastrous events. I urge my colleagues to take swift action to reauthorize these expired or expiring provisions because they have played a key role in helping my constituents rebuild their lives after the devastation wrought by Hurricanes Katrina, Rita and Ike.

A. New Markets Tax Credit- (sec. 45D(f)(1)).

I introduced the Louisiana version of the New Markets Tax Credit when I was a State Representative back in 2005, so I have long been a strong supporter because of its obvious economic benefits. In the current economic environment, programs like New Markets Tax Credits are vital. This program demonstrates the power of public-private partnerships, and the power of providing investment incentives as a job creation tool. Since 2003, almost \$1 billion in New Markets Tax Credits were invested in more than 80 projects across New Orleans. Especially after Katrina, New Markets Tax Credits have played a special role in encouraging local project development and job creation.

They have played a large role in New Orleans, but are also highly effective nationwide. Since 2003, demand for the credits have been robust, with over \$200 billion worth of demand. Over 600 allocations have taken place with more than \$30 billion in credits allocated. These investments are leveraged to create jobs and rejuvenate neighborhoods. This credit should be a "no-brainer" and I urge my colleagues to reauthorize this critical investment incentive and examine ways in which the benefits can be made retroactive in order to reflect the fact that it has not been authorized for the current fiscal year.

B. Disaster Relief Federal Tax Provisions that Expired in 2011

1. Tax-exempt bond financing for the Gulf Opportunity Zone (sec. 1400N(a))

This provision is critically important to help local issuers finance the rebuilding of residential rental projects or rebuilding non-residential properties with a public benefit. These monies were also used to finance low interest rate mortgages for eligible borrowers to help their families start

fresh after Katrina and Rita devastated neighborhoods. Families can still stand to benefit from the facilities this investment incentive can help create.

2. Low-income housing credit additional housing credit dollar amount for the Gulf Opportunity Zone and certain programmatic expansions for the Gulf Opportunity Zone, the Rita GO Zone, and the Wilma GO Zone (sec. 1400N(c))

This modified low income housing tax credit recognized that there would be difficulties constructing, rebuilding or purchasing new buildings to afford low income families a decent home in the post disaster environment. Years later, many neighborhoods are still struggling to rebuild and any Federal support would provide critical assistance to hard hit families as they seek the dignity of a safe home.

I introduced legislation on this provision (HR 559) on February 8, 2011 with Mr. Boustany, a distinguished Member of this Committee, which would have extended the placed in service period to 2013 from 2012. Because the economic downturn prevented key post Katrina and Rita rebuilding projects from getting off the ground, extending the placed in service date for Go Zone tax credits is critical to meeting our housing needs, both in New Orleans and Louisiana as a whole. I urge my colleagues to examine whether some of the benefit can be made retroactive based upon the timing needs of stakeholders. I urge the committee to extend the eligibility period for this credit by the end of two calendar years from the enactment of this provision.

3. Placed-in-service date for additional depreciation for specified Gulf Opportunity Zone extension property (sec. 1400N(d)(6))

The depreciation provision is critical to preserve the depreciation deduction for qualified GOZONE property and I urge my colleagues to extend the placed in service date for this depreciation benefit in a manner that is consistent with the continued economic stress in the GOZONE. This will help promote continued investment in capital goods and property in these hard hit areas.

4. Increase in rehabilitation credit for structures located in the GO-ZONE (sec.1400N(h))

This credit has been successfully used to offset some of the costs of rebuilding over 140 of New Orleans' and Baton Rouge's historic buildings. These investments have been critical to fostering sorely needed tourism in the region, and the monies associated with this tourism have been reinvested in important local priorities in a constrained state and local budgetary environment.

I thank my Colleagues for an opportunity to present my views on these important provisions.